



# IBM Workplace for Business Controls and Reporting

*A Value-based Approach to Achieving Compliance*

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**ON** DEMAND BUSINESS™

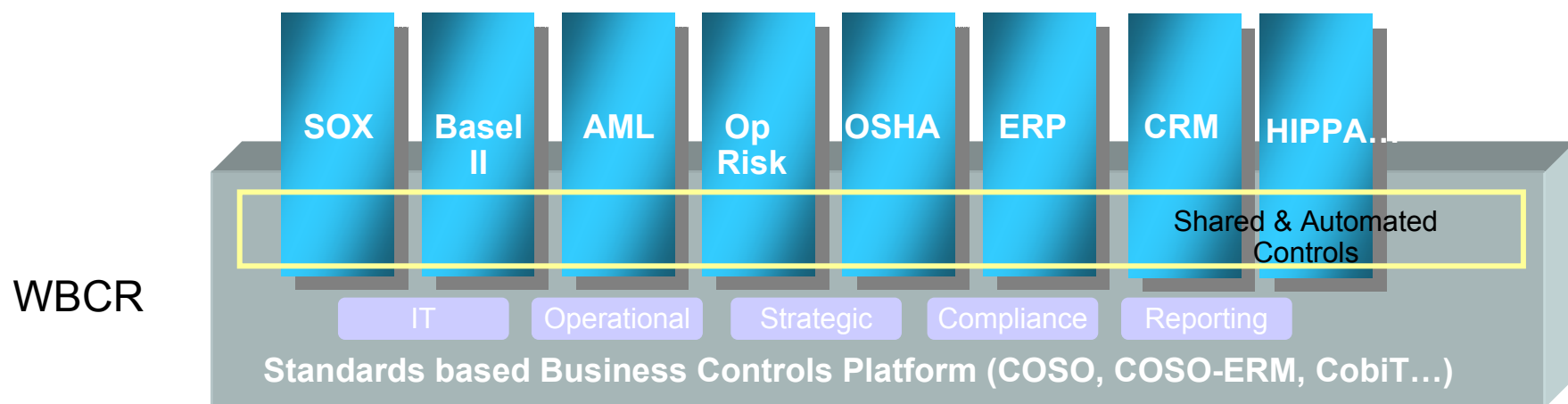
# Today's Agenda

- **Introductions and roles**
- **IBM's approach to Workplace for Business Controls and Reporting (WBCR)**
- **Overview/ Demo of IBM's Workplace for Business Controls and Reporting Solution**
- **IBM WBCR Advantage / Differentiators**
- **Next Steps**

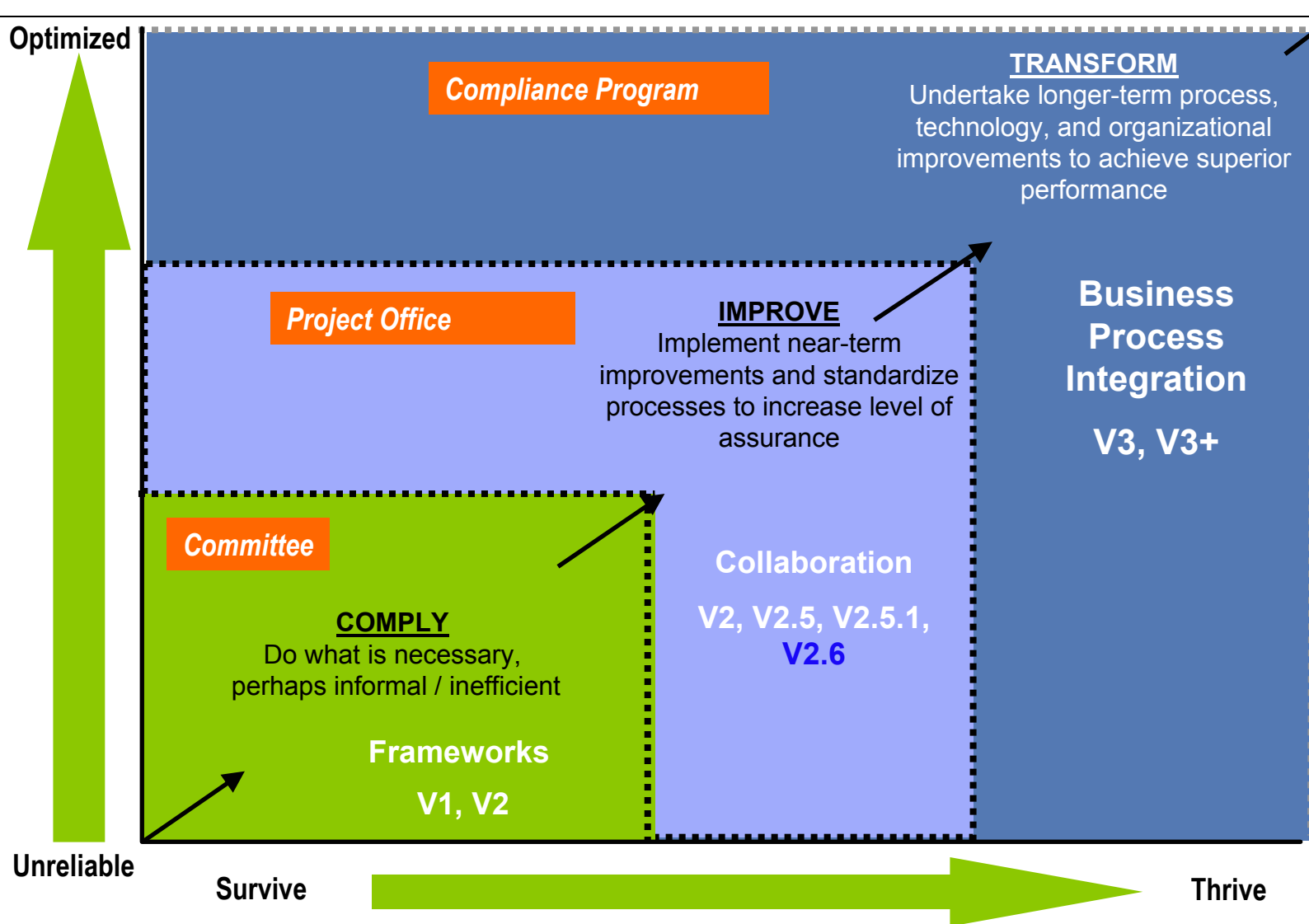


## IBM Workplace for Business Controls and Reporting

- A **standards based solution** intended to help companies address a wide range of business control related problems.
- Designed to help companies **with general controls management**.
- **Supports an open control framework** including **COSO-IC, CoBIT** and other internal control frameworks.
- When combined with traditional decision analysis tools for risk management **provides a broader perspective on decision making**.



# Compliance Program Lifecycle

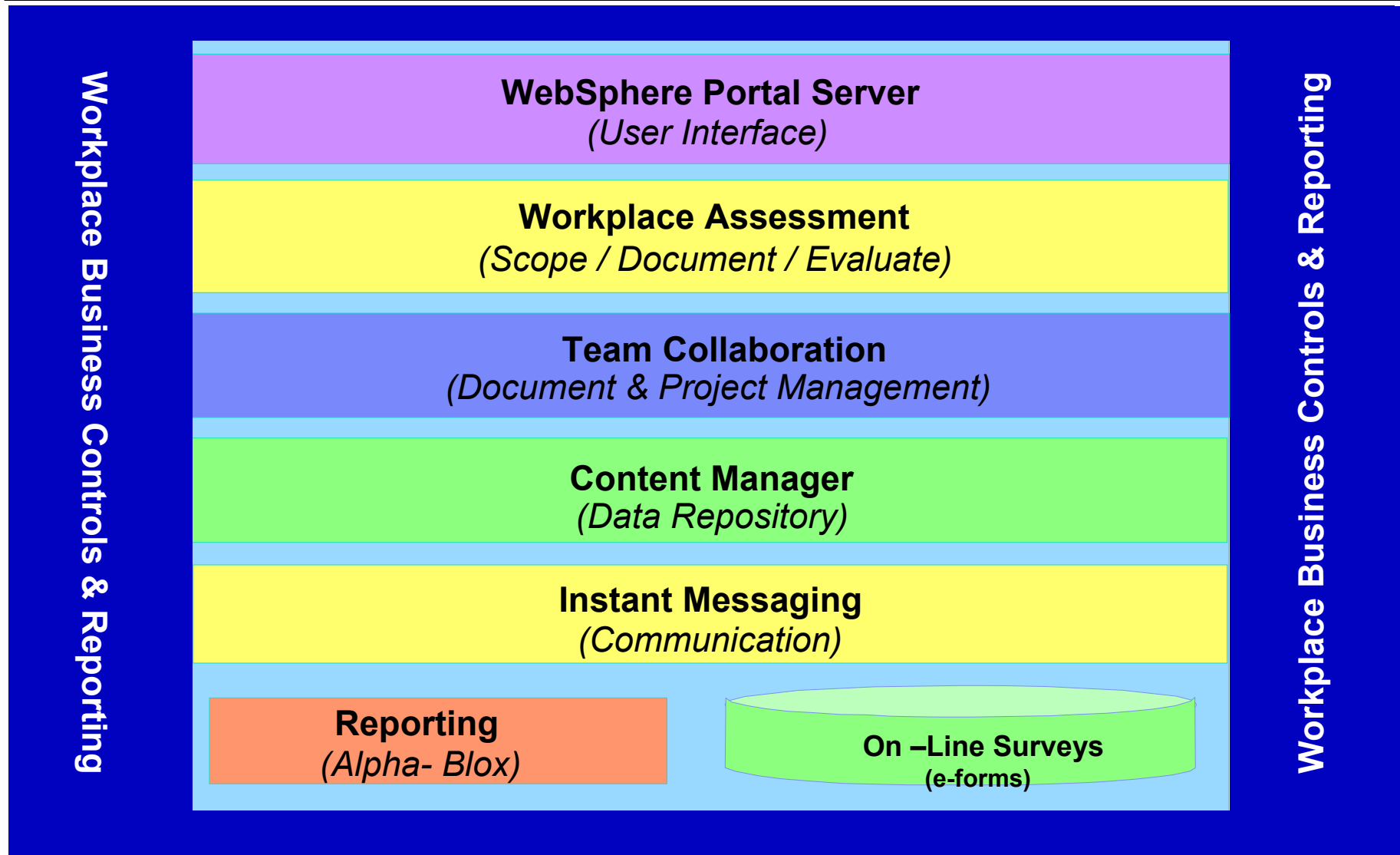


## Control Management is not a simple task ...

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- Long-term success requires:
  - Development and implementation of **new business processes**
  - **Collaboration** of activities, **documentation** and **testing** across multiple disciplines and physical locations
  - **Manage content** across many organizations, multiple reporting periods and years
  - **Archiving and record retention** to support regulatory reviews/ requirements.
  - Provide **reporting complex relationships** between risks, controls and financial accounts

# Workplace for Business Controls and Reporting



# IBM WBCR Key Features

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- **Executive dashboard**
- **Survey capability**
- **Robust Reporting capability**
- **Versioning and archiving**
- **Roles and Security**
- **Organization Movement / Reorganization**
- **Controls Execution Information**
- **Support for manual and automated controls**
- **Samples and Remediation**
- **Certification**
- **Document attachment/ URL links**
- **Global Shared Controls**
- **Email notifications**
- **Export Reports to Excel Spreadsheets and PDF**
- **Label Management and Configuration**
- **Support for financial and non-financial controls**
- **Link to Financial Values**
- **Dynamic Updates**
- **Customized Reporting and Management Support**
- **Full Audit Trail**
- **Collaboration tools in support of test and remediation processes**

## WBCR-- Support for Key SOX Sections

Section	Requirement	WBCR Support
302	Quarterly certification of financial statement filings	Support via control management functionality by setting up financial statement certifications as a control
	Quarterly disclosures on effectiveness of internal controls	Support via control documentation, certification and status reporting
404	Annual attestation of effectiveness and changes in internal controls	Support via control documentation, certification and status reporting
409	Real time (4 business days) filing for material events	Support via portal based electronic form with self directed workflows
802	Record retention	Support via archiving capabilities (additional support is available via IBM content management and archiving/retrieval solutions)

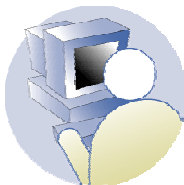


# Multiple Control Types



## Reporting

Controls that relate to the accuracy of financial and non-financial management reporting



## Operational

Controls that relate to the effectiveness and efficiency of the entity's operations, including performance and profitability goals. they vary based on management's choices about structure and performance



## IT

Controls that relate to the effectiveness and efficiency of a company's IT operations



## Compliance

Controls established to ensure that companies comply with all applicable laws and regulations as a minimum standard of behavior. Controls also need to ensure that all laws and regulations that impact the enterprise are considered



## Strategic

Controls that relate to high-level goals, aligned with and supporting the entity's mission/vision

# WBCR-- Supporting Multiple Control Initiatives

Description	IT Governance	SOX	HIPAA	Basel II
Business Unit/Functional Group	IT	Finance	Healthcare	Risk Management
Process	Security	Accounts Receivable	Send / receive claims from 3 <sup>rd</sup> parties, providers, institutions	Credit Risk
Sub Process	Application Data Access	Billing	Data translation to appropriate HIPAA format	Loan Applications / Lending
Objective	Provide consistent and appropriate end user access to business applications	All billing Transactions recorded in Gen Ledger accurately	Ensure proper exchange of healthcare information with other agencies & government	Determine credit viability of particular loan applicant
Risk	End users have access to systems and/or data that they should not	Revenue under or overstated	Forms rejected incorrect format	Can't adequately assess the risk: and person defaults on loan
Control	Utilize standard security access software across all business applications  All users Passwords are changed every 90 days	Reconcile control totals for revenue to general ledger interface	Forms not sent in the proper format	Each loan application must go through credit check

# IBM & Market Analyst Alignment



"With its depth of infrastructure supporting the business controls solution, **IBM is well positioned to help organizations not only meet current challenges but extend these efforts to generate real corporate value.** IBM should balance helping customers meet short-term needs with a broader vision, because the emergence of a compliance platform is still a vision for many organizations and must be aligned with meeting immediate commitments. **In the long term, the IBM strategy will clearly provide one of the most comprehensive and flexible solutions that will enable organizations to grow from compliance to governance and build on their investments.**"



Sarbanes-Oxley Solutions — Invest Or Pay Later, Hybrid Applications Emerge For Internal Controls Compliance  
by Paul Hamerman, Robert Markham, with Laurie M. Orlov, Colin Teubner

- Seek software that extends beyond Sarbanes-Oxley.
- Build a compliance technology infrastructure.
- Make your compliance process collaborative
- **Electronic Content Management**
- **Routine Part of Doing Business**



"Managing regulations on a **one-off basis** will **cost 10 times more** than a more proactive, framework approach" ... "public companies that adopt a comprehensive compliance management architecture will spend 50% less per year than those that don't:



**"an integrated approach to Governance, Risk and Compliance management can improve a companies reputation value by 23%, employee retention by 10% and revenue by 8%."**

Gartner has published their first ever assessment of SW vendors in the financial compliance market. While Gartner has never placed a vendor in the leadership quadrant in the first year of a Magic Quadrant evaluation, IBM has come extremely close in 2005 and [has moved to the head of the pack](#) in the evaluation.



# Case Study: Business Control Software At WestJet Airlines-- Compliance Week 04/25/05

## DETAILS

THE COMPANY		THE CHALLENGE	SOLUTION CHOSEN
Company	WestJet Airlines	WestJet Airlines, a discount carrier in Canada, needed an IT system to capture its operational and controls data so the company could comply with Canada's version of the Sarbanes-Oxley Act.	IBM's Workplace for Business Controls and Reporting, which Cory Wells, WestJet's director of audit and advisory services, estimates cost the airline between \$100,000 and \$200,000.
HQ	Calgary, Canada		
Employees	5,000		
Industry	Aviation		
'04 Rev.	\$873.8 million		
'04 Net	(\$14.2 million)		

■ "We had the opportunity to test the product before making our purchase decision, which was very important to us. At the end of that exercise, **we were convinced that IBM Workplace for Business Controls and Reporting could help us meet the Canadian Multilateral Instrument 52-109/111 financial governance requirements,**" said Corey Wells, WestJet's Director, Audit & Advisory Services.

■ "Specifically, **the product's structure, flexibility and ease of use, along with IBM's commitment to developing a world-class product were all key factors in our decision.** Additionally, the product supports both the COSO and CobiT frameworks, allowing us to capture both financial and IT controls within one platform. **Ultimately, we believe that this product will substantially reduce the complexity of our business controls management infrastructure, resulting in both time and cost savings,**" said Wells.

■ **Workplace beat the other competitors because of its flexibility, ease of use, affordability, ability to influence the direction of the product and its documentation functionality, Wells says.** "It allows us to centralize our documentation in a way that is consistent with the requirements set forth, allowing for continued sustainment beyond initial compliance," he adds.

■ **The utilization of Workplace has resulted in significant time savings for WestJet.** "From a time perspective," Wells explains, "the ability to push out the documentation to our process owners while maintaining consistency and quality is a tremendous benefit." In addition, WestJet intends to use the tool to house operational information that "will allow our process owners to create process efficiencies and cost savings, instead of just focusing on compliance," he adds. **"The flexibility of IBM's Workplace product allows us to create value for the organization beyond compliance."**

# Huntington National Bank



## Customer:

- Huntington National Bank is a \$30 billion regional bank holding company with 300+ US offices.

## Business Need:

- To monitor internal controls for financial reporting to meet new legislation (SOX 404)
- A solution that can help streamline the bank's internal controls & reporting processes

## Solution: IBM Lotus Workplace for Business Controls and Reporting

- Based on open standards so the software fit easily into the bank's existing architecture.
- Solution builds on a key component of Huntington National Bank's technology strategy - the IBM Lotus suite of software - extending existing investments and reflecting the bank's focus on long-term needs as opposed to one-time solutions.
- IBM Software Services for Lotus is providing services to install the test and production environments and train users, and IBM business partner KPMG contributes its industry expertise to the solution as well, by providing advisory services to Huntington's business executives.
- Initially, the reporting solution will support 50 users - a number expected to grow to 100 or more in 2005.

"We wanted something robust and functional that would be supported and enhanced by a legitimate vendor going forward. Having IBM as that provider gave everyone a great sense of comfort. The product is functionally rich and the pricing was competitive. A bit of a no-brainer really."

--David Sewalk, Senior Vice President, Business Solutions Development, Huntington National Bank

# WBCR- Control Management Process Flow

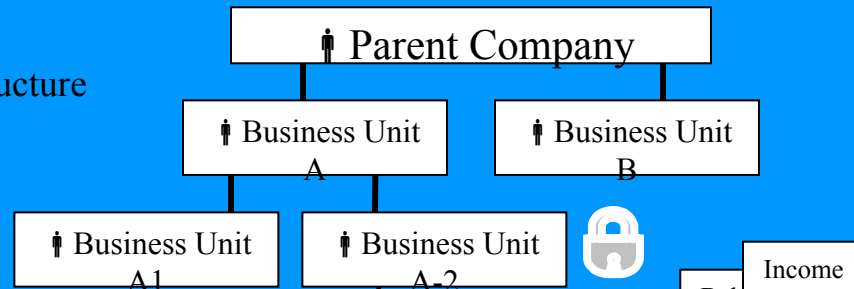


# IBM Workplace for Business Controls and Reporting

## *Software Methodology– Version 2.6*

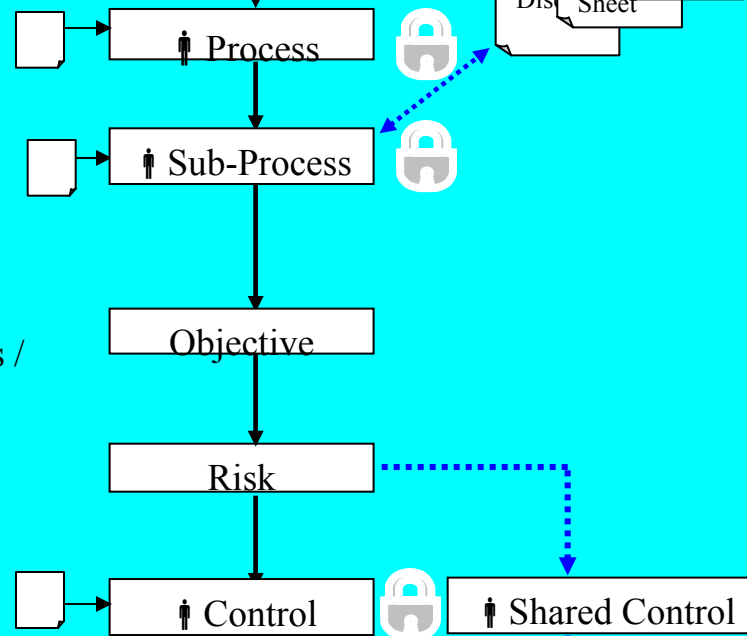
### Scope

“Mirror” YOUR Corporate Structure  
 Define Organization  
 Define Financial Reports  
 Assign Owners



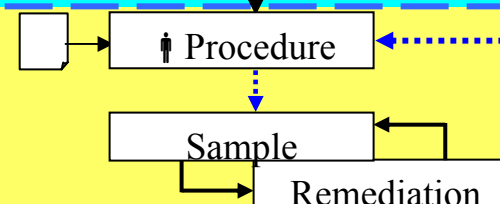
### Document

Manage Processes / Sub-Processes by Business Unit(s)  
 Role-Based Security Model  
 Read/Write Access Rights  
 Users Only See Their Data – Based on their Access Rights  
 Certification @ Business Unit / Process / Control Levels



### Evaluate / Report

Test Defined Controls  
 Determine Effectiveness  
 Remediate Controls





## IBM Workplace for Business Controls and Reporting



WBCR

Survey

Welcome

My Workplace

Documents

Personalization

My Finances

My Work

Alphablox Executive View **Exec Portal** Executive View

## My Vertical News

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## Regulations

- ▶ [Swisscom board president sees privatisation within 18 months possible - report](#)
- ▶ [Ofcom to scrap price controls on BT phone calls - report](#)
- ▶ [Cable Franchising Seen As Control Issue](#)

## Business Applications News

- ▶ [AK Steel Awards IBM Five-Year Contract Extension](#)
- ▶ [SAFE-BioPharma Association Announces First Companies to Participate in Its Newly Launched Vendor Partner Program](#)
- ▶ [InterCare Announces Project Teaming and Preferred Implementation Partner Agreement With Novantus Corporation](#)

[More >>](#)

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## My Stocks

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Friday, January 20, 2006 4:03:00 PM EST

▼ <a href="#">IBM</a>	81.36	-1.73	-2.08%
▼ <a href="#">\$COMPO</a>	2,247.70	-54.11	-2.35%
▼ <a href="#">\$DJI</a>	10,667.39	-213.32	-1.96%
▼ <a href="#">\$SPX</a>	1,261.49	-23.55	-1.83%

Data delayed at least 20 minutes.

Get Quote

[Symbol Lookup](#)

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Intraday data provided by ComStock, an Interactive Data Company.

## My Weather

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Sunday, January 22, 2006 3:18:00 AM GMT



[Raleigh, North Carolina](#)  
Fog

37°  
38°/56°

## Executive View Detail

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[Show Executive View](#)

Business Unit: ACME

Description:

Outline:

Rating: NONE

Scope: Aggregated-Important

Rationale: 12/31/2004

Owner: John Exec , [view role...](#)

Delegates:

Certification: Not Certified

## Business Units for Current Business Unit

Business Unit	Owner
<a href="#">AP Operations</a>	mitsuhiru adachi
<a href="#">Corporate Governance</a>	Mary Best
<a href="#">EMEA Operations</a>	jean froid
<a href="#">IT Controls - CoBIT v3</a>	wps Admin
<a href="#">Legrand</a>	betsy terrell
<a href="#">MM02</a>	hao zhu
<a href="#">NA Operations*</a>	peter green
<a href="#">Operational Risk Group</a>	Bill Williams
Page 1 of 1	Total: 8 Displayed: 8

## My Todos

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## High priority

- Complete AP Process documentation review
- Complete monthly testing procedures
- Review Testing Results
- Complete procedure evaluation
- Complete control evaluation

## Bookmarks

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- [Securities and Exchange Commission](#)
- [COSO](#)
- [THEIIA](#)
- [AICPA](#)
- [IBM](#)
- [Hong Kong Stock Exchange](#)

## Reminder

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Sunday, January 22, 2006

- **11/28/2005**  
**Quarter End Tests Due - 10th day of April, July, October and January**
- Control Self Assessment Due - last day of March, June, September and December

## Reports Detail

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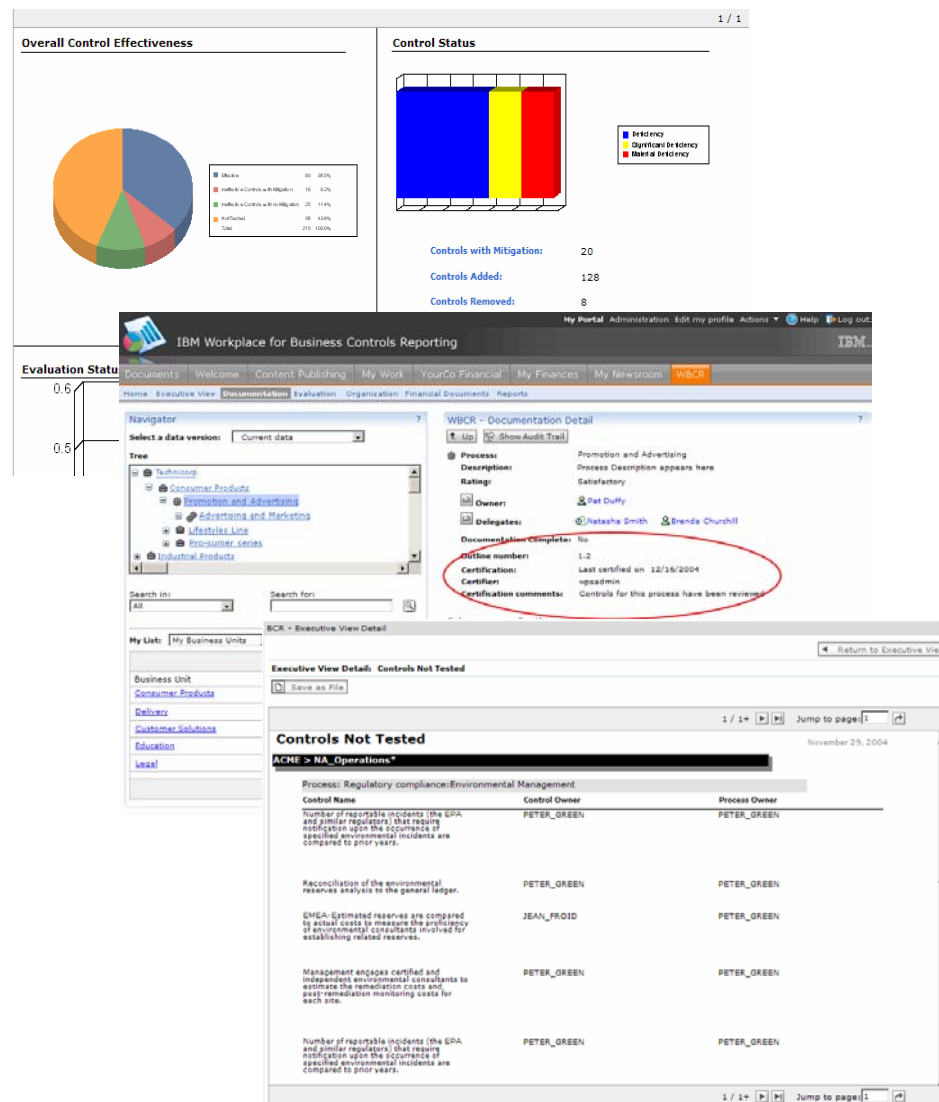
Business Unit: ACME

Description:

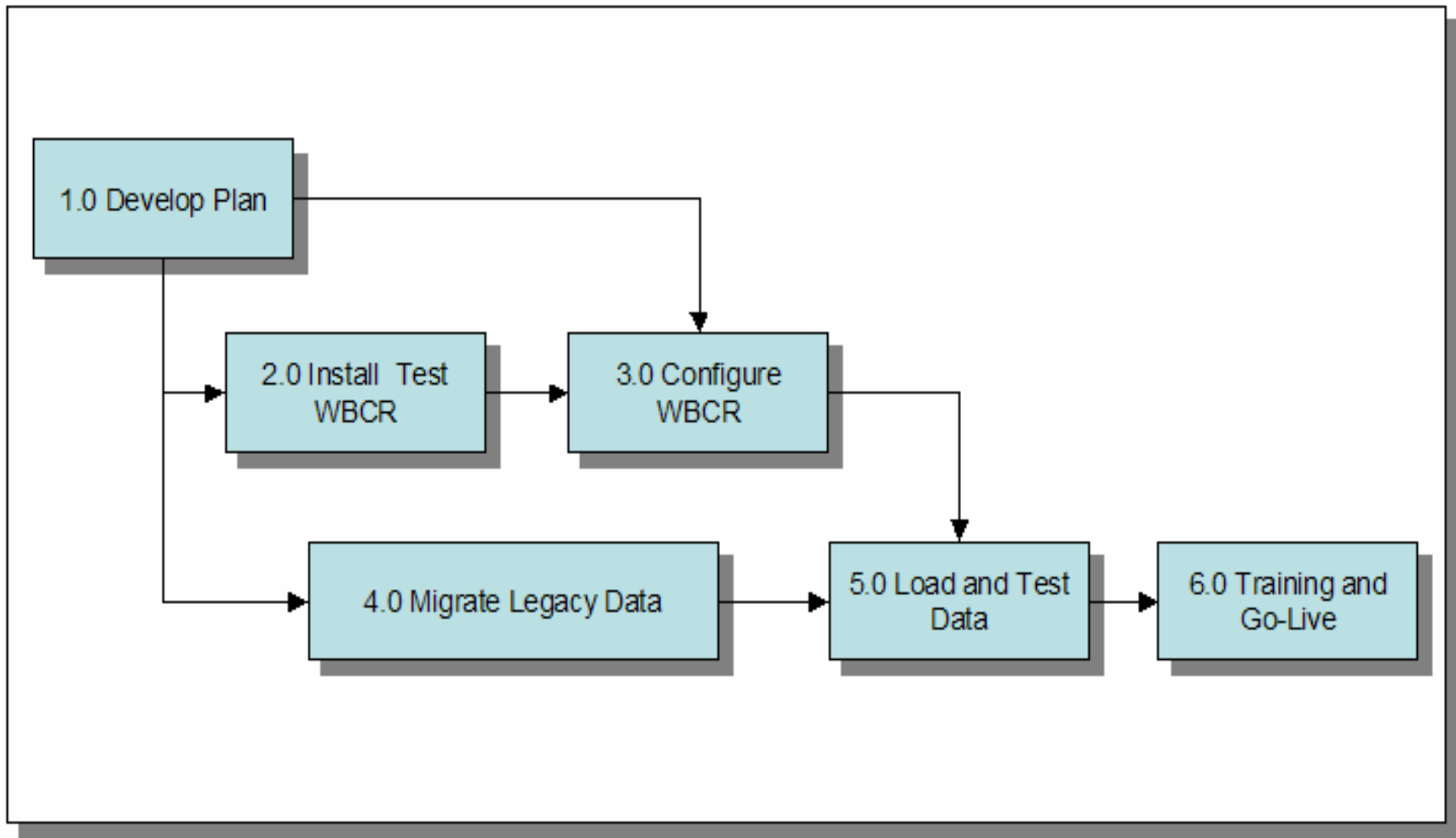
Outline:

# WBCR Benefits

- Creates a Centralized Control Repository for an Organization
- Presents a Real Time, Consistent View of Control Status
- Aligns Control Structure to Risk Thresholds and Tolerances
- Lowers Costs by Implementing a Repeatable Solution
- Eases Interaction with Auditors
- Saves Auditee Time and Money
- Allows Manager to Focus on Assessment and Analysis Instead of Data Collection for Reporting



# WBCR Implementation Methodology



Estimated total elapsed time 4 – 6 weeks depending on the scope of the implementation

# Implementation Plan -- Overview

- **Develop Plan** – During the “Develop Plan” phase the existing functional and technical documentation is reviewed and an overall implementation plan is developed. In addition to the development of overall and individual implementation plan the implementation team is trained.
- **Install and Test WBCR** – During the “Install and Test WBCR” phase, the WBCR application components are installed on the appropriate servers. Installation includes WBCR and related databases as well as optional installations such as IBM Content Manager™, SameTime™, and TeamWorkspace™. This phase is not required for customers who choose to utilize IBM’s hosting service.
- **Configure WBCR** – During the “Configure WBCR” phase, Global Settings are established and documented and changes to field labels and dropdown lists are identified and made. Additionally, customer specific roles are defined and the standard roles are modified as necessary.
- **Migrate Current Data** – During the “Migrate Current Data” phase, existing data is migrated from current formats (proprietary databases, spreadsheets, etc.) to a “WBCR-readable” format. During the process, redundancies in data are identified and normalized
- **Load and Test Data** – During the “Load and Test Data” phase, data from current and prior control management products (commercial or custom developed) is loaded into the Import spreadsheet and loaded into WBCR.
- **Training and Go-Live** – During the “Training and Go-Live” phase, the training plan is developed and executed and final actions are completed to move WBCR into production.

## Summary

- **Control Management is moving from an application environment to a platform requirement.**
  - Portal/ Role-based security
  - Control Management Framework
  - Content Management
  - Collaboration
  - Control Monitoring Application
  - Reporting and Analytics
- **Leading Analysts recommend focusing on software tools that support a broad set of needs (ie. Framework)**
- **Key is the ability to integrate and easily bring together a number of diverse technologies.**

## WBCR-- Customer Benefits

- Supports multiple control management initiatives with a common approach to controls documentation, evaluation and reporting using shared controls along with a single controls repository
- Executive dashboards allow management the ability to actively monitor the controls environment on a continuous real-time basis, helping management to assess the effectiveness of a company's internal business controls
- Quickly get started by importing 3rd party Control Catalogs or procedures directly from MS Excel
- Enhanced operational efficiency with support for multiple control types, shared controls, organizational movement, versioning and import
- Increased transparency with support for multiple reporting vendors, executive dashboards, and user-based reporting
- Simplified execution with sign-off workflow, dynamic updates, and test validation
- Integrates multiple collaborative capabilities into a single platform to leverage existing skills within your organization and to help drive lower total cost of compliance (TCC)
- Provides single-password access to all supported enterprise applications, content, and services
- Solution from a single vendor that can be extended with other products from the IBM software portfolio such as: DB2 Records Manager and Lotus Workplace Collaborative Learning
- Business consulting and software services help you started quickly
- Extensive worldwide network of business partners
- An open, standards-based control management solution designed to help customers reduce the total cost of compliance

# IBM Advantage / Differentiators

- Minimizing Cost for Managing Risk & Compliance
- Stepped Approach for Compliance Challenges
  - ✓ Start with 404 controls, expand into modelling / improvements into Financial Business Processes
  - ✓ Add 802 Archiving / Retention
  - ✓ Move to 409 (speed 10k/10Q creation), address real-time material event reporting
- Common Infrastructure Framework leveraged for Multiple Risk & Compliance Initiatives
  - ✓ Consistent / Easy-to-Use Experiences
  - ✓ Real-Time Information for Decision Makers
  - ✓ Readiness Status – At a Glance
- 24 x 7 x 365 Standard Software Support

## IBM Differentiators

- Global Scale and delivery capabilities: world's largest software organization
- Integrated services; strategy through implementation and operation
- Deep industry expertise and knowledge of industry processes
- Leading-edge Solution Focus on SOX and other risk & compliance areas
- Deep technology skills
- Strategic alliances with leading technology vendors
- Premier client list and “track record” of success
- Focused investment in innovative solutions, people development, and intellectual capital



# Summary: WBCR helps Customers to Achieve Sustainable Compliance

- Lower the cost of controls
- Competitive IBM pricing
- Sustainable long-term solution from trusted reliable vendor / partner
- Strategic Portal / Workplace platform
- Broad Compliance strategy

***IBM: Driving Cost Effective  
.... Sustainable  
.... Extensible Compliance***



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# Questions

